



JOBS THROUGH RECYCLING



JTR Grantee Series Arizona

Based on the premise that the recycling industry in Arizona was in its infancy in 1994, the Arizona Recycling Economic Development Advocate (REDA) identified three important components for emerging recycling businesses to be successful: (1) a consistent supply of recovered materials, (2) a steady demand for recycled products, and (3) greater education of state leaders. To develop a foundation for recycling businesses, the REDA focused on providing leadership in recoverable materials market development and creating recycling-oriented jobs statewide. Specific REDA goals included:

- *Employment:* Bringing 5 recycling firms and 500 recycling jobs to Arizona each year.
- *Investment:* Attracting new capital investment of \$25 million each year.
- *Capacity and utilization:* Expanding the utilization of Arizona's postconsumer recovered and postprocess reusable materials by an average of 5 percent each year.

PROGRAM ACTIVITIES

The Arizona REDA provided assistance to local businesses in four areas:

Publications and Promotion

The REDA first established a strategic management plan for the program. Next, the REDA initiated a Recycling Market Development Study early in the grant period. The study pulled together useful market, recycling, and waste information to better educate the public on the current recycling market, inform business leaders and industry of the availability of recyclable materials and their uses, and showcase the recycled products made by Arizona-based manufacturers and distributors. Key projects include the Arizona Market Development Tool Kit, composed of three technical assistance publications for reference on the recycling climate and opportunities in Arizona; the Arizona Recycling Technology Assistance Program, a training workshop geared towards government and business sectors; and the Arizona Buy Recycled Exposition, which highlighted Arizona-based manufacturers, distributors, and their recycled products.

At a Glance

Grant Type: REDA

Office Awarded:
Arizona Department of
Commerce

Project Partners:
Arizona Department of
Environmental Quality

Year Awarded: 1994

Funding:
\$ 74,000 in EPA funding
\$ 40,000 in state funding
\$114,000 in total funding

Materials Targeted:
Paper
Steel
Niche items

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Business Assistance

The REDA assisted businesses by explaining Arizona tax incentive programs, setting up site visits for prospective companies, and coordinating with state and local permit authorities to expedite development processes.

Database Development

The REDA assisted in expanding the Arizona Department of Commerce's (DOC's) business prospect database. This database is part of a crucial database for DOC's entire National Marketing Division. The REDA also developed a recycled market and media database.

To develop sustainable recycling market development policies, the REDA met with state decision-makers to educate them about the recycling industry and how it ties into the state's economy.

Financial Assistance

A Recycling Business and Financial Leadership Roundtable was held to promote the economic environment; more than 30 Arizona business and financial leaders attended. The REDA, upon request, assisted numerous other businesses to secure financing through referrals, letters of recommendation, and joint meetings.

CHALLENGES OVERCOME

The REDA overcame several challenges during the implementation of the grant:

■ **Lack of understanding about recycling markets and the recycling industry on the part of the economic development and political communities.** To develop sustainable recycling market development policies, the REDA met with decision-makers to educate them about the recycling industry and how it ties into the state's economy. To effectively present environmental legislation to decision-makers in Arizona, the REDA tied the program to its economic benefits and provided statistics.

■ **Volatility of the markets.** When mainstream recyclables declined in value, the REDA refocused on niche markets such as carpet pads and tires.

■ **Difficulty in raising capital.** The REDA helped businesses overcome this obstacle by:

- Encouraging national banks with branches in Arizona to reinvest into the local economy. Often banks do not lend to startup businesses, because they believe their projects are too risky, lack collateral, and do not have clear markets for their products.
- Working with the Arizona Department of Environmental Quality (DEQ) to assist prospective recycled product manufacturers through the grant and loan program.

- Assisting businesses in locating additional financing through the Business Incubator Program, Small Business Administration, venture capital organizations, the Finance Division of the DOC, Kirkworks, and the Environmental Capital Network.

The REDA attempted to develop additional supplies of recyclables from within the state to help eliminate the excess costs of transportation, and thus increase the economic benefits of recycling in Arizona.

■ **Lack of recyclable materials.** With Arizona's statewide recycling rate at 10 percent, there was a lack of post-consumer recyclable supply. Working with the DEQ to educate businesses and residents on the importance of recycling collection, the REDA attempted to develop additional supplies of recyclables from within the state. If successful, these efforts will help eliminate the excess costs of transportation, and thus increase the economic benefits of recycling in Arizona.

■ **Limitations on agencies.** DEQ concluded that the state benefits most with the market developer located at DOC with a cooperative tie to DEQ. DOC has more flexibility to fund market development programs than DEQ.

JTR GRANTEE SERIES: ARIZONA

LESSONS LEARNED

The REDA identified several lessons learned and advice for new JTR grantees:

- **Know your state.** Spend time showing prospective businesses around the state. Knowing about state economic development issues, geography, and the resources available to prospective businesses are keys to a successful assistance program. Also, know when and whom to contact for more information on aspects of the field in which prospects need assistance. Avoid bureaucratic habits, as this will produce limited results.
- **Target assistance efforts.** A grantee in a REDA position cannot provide detailed assistance to every business contacted. The level of assistance provided to businesses should be based on their willingness to help themselves. Grantees should avoid propping up failing businesses.
- **Be flexible.** Learn to change the approach when things do not work. Even when an approach is working, continue to look for ways to enhance efforts.

ACCOMPLISHMENTS

During the 1994–1995 grant period, the REDA educated state leaders in Arizona about the recycling industry. Benefits noted include increased waste diversion and an increase in in-state usage of materials, which reduces the transportation necessary for end-market delivery.

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The JTR grant created 672 new recycling-oriented jobs and attracted \$200.5 million in recycling business investments. Arizona's recycling material capacity expanded by approximately 758,000 tons per year, and the program resulted in a 40 percent growth in end use over 3 years. The accomplishments

were attributed to the use of strategic planning, flexibility, and program evolution when efforts were ineffective.

PROGRAM FUTURE

The U.S. Environmental Protection Agency awarded another JTR grant to Arizona in April 1996. The new project is entitled "Project for a Sustainable Arizona." The main goal of the new grant is to create long-term job opportunities in rural and tribal areas of Arizona, focusing on forestry and timber industry wastes.

The REDA continues to work with the state of Arizona to increase its commitment to recycling market development by showing the positive economic impact on the state. The REDA hopes to build support in the Arizona State Legislature by showcasing the results of the market development study. Specifically, the grantee is encouraging state leaders to establish a statewide recycling goal and a recycling-focused solid waste management plan, as well as expanded grant funding through tipping fees.

RESULTS

Business Management:	170 businesses assisted
Technical Assistance:	200 businesses assisted
Financial Assistance:	220 businesses assisted
Full-Time Equivalents Created:	672 jobs
Amount of Capital Invested:	\$200.5 million
Volume of New Capacity Created:	758,000 tons per year
Volume of Secondary Materials Actually Used:	600,000 tons per year

Jobs Through Recycling *Success Stories*

"The REDA was very helpful to Wisconsin Tissue in locating our Southwest operation."

MIKE GRAVERSON AND MIKE BOGENSCHUTZ

Converting Facility General Manager and Tissue Mill Plant Manager, Wisconsin Tissue

Wisconsin Tissue, based in Menasha, Wisconsin, has been making paper and paper products from recovered materials for decades. To better serve customers on the West Coast, Wisconsin Tissue sought out new locations in the Southwest. Assistance from the Arizona REDA, combined with tax incentives and the availability of an existing papermill facility, convinced Wisconsin Tissue to establish two facilities in Arizona.



The REDA provided comprehensive assistance to Wisconsin Tissue from start to finish. The REDA lined up site visits and tours of Arizona localities, helped the company apply for an environmental technology tax credit, and assisted the company in preparing its bid for site locations. Upon Wisconsin Tissue's commitment to Arizona, the REDA and project partner Greater Flagstaff Economic Council assisted Wisconsin Tissue on permitting and zoning issues.

A number of direct and indirect economic and environmental benefits resulted from Wisconsin Tissue's locating in Flagstaff, Arizona:

- Wisconsin Tissue is one of the top 10 employers in the Flagstaff area. Within the manufacturing sector, it is in the top five.
- The company employs approximately 160 semiskilled and skilled full-time employees and 15 part-time employees.
- Paper waste diverted averages 40,000 tons per year.
- The wages and benefits package offered is substantially higher than the local average, adding a substantial number of quality jobs to the Flagstaff area.
- The company invested more than \$40 million in facilities and equipment.
- Wisconsin Tissue is paying approximately \$235,500 annually in local taxes.
- Wisconsin Tissue is paying nearly \$6 million in payroll.
- The facilities spend nearly \$330,000 monthly for utilities.
- Annual local purchases are \$1.66 million for equipment and supplies. State-wide spending amounts to \$7.8 million.
- The company attracted new industry—a trucking company—to the local area to serve Wisconsin Tissue.

Publications

- *Arizona Recycling Market Development Program Final Report.* Summarizes results for the 1994–1995 JTR grant.
- *Arizona Recycling Market Development Program.* This marketing brochure summarizes the key economic and infrastructure opportunities for recycling and environmental technology companies interested in establishing operations in Arizona.
- *Arizona Recycling Market Development Program Study.* This 4-volume publication includes: Summary Report, Economic Impact of Recycling in Arizona, Arizona Recycling Market Prospectus, and the Arizona Recycling Resource Directory. Together the volumes document recycling market opportunities in Arizona. Including market supply information and recommendations for enhancing the level of recycling collection in-state, the study comprehensively examines Arizona's recycling market.
- *Fiscal Impact of Wisconsin Tissue on Coconino County* (Economic Strategies Group, 1996). This study assesses the primary and secondary impacts of Wisconsin Tissue on the local economy.